

**CONFIDENTIAL**

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25X1

Chief, Procurement Division, OL

23 July 1957

Chief, Engineering Division, OC

Eng-7-108

Contract RD-91 with

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1. Subject contract specified that three complete systems of the marine crystal video equipment would be furnished. During the course of development, it became apparent that costs would considerably exceed the original estimates. Consequently, the contract was modified to provide only two such equipments. When the first system was delivered it was given rigorous testing and found to be unsatisfactory. This equipment was returned to the [redacted] for rework. This reworked system has since been fully evaluated and operationally committed. [redacted] then prepared a proposal which indicated that additional funds would be required to bring the second system up to a satisfactory operating condition. We chose, however, not to accept this proposal, as it is our desire to close out this contract and to take delivery on all residual equipment remaining at the contractor's plant.

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2. Because of the operational urgency for committing the first system, normal R&I procedures were waived; but extensive field testing of the device was conducted with cooperation of the Naval Research Laboratories. The unit was found satisfactory and acceptable.

3. It is requested that an itemized description of all residual equipment be furnished by the contractor, and delivered to this Office. Upon receipt of the residual inventory, appropriate disposition recommendation will be forwarded for your action.

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OC-E/R&D-EP/FCS:mjr (23 Jul. 18 Jul)

cc: R&D Subject File

—Reading

SP/EA

Supply Division, OL

OC-E Chrono

R&D Chrono

EP Chrono

~~SECRET~~

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